Original and Updated Assessment of GSA's Most Serious Challenges

February 1999	**December 1999**
Management Controls	Management Controls
Aging Information Systems	Information Technology Solutions
Data Security	
Multiple Award Schedule Program	Multiple Award Schedule Program
Organization and Management Structure	
Personnel Infrastructure	Personnel Infrastructure
Aging Federal Buildings	Aging Federal Buildings
GSA Supply Depots	
Year 2000 Issues	
Protection of Federal Facilities and Personnel	Protection of Federal Facilities and Personnel

In our reassessment of the top 10 management challenges facing GSA, we determined that the topics can be more appropriately captured in 6 broad areas. We have eliminated two challenges and transitioned three others.

We have eliminated "Aging Information Systems." GSA is in the process of replacing a number of its old systems and the challenge has become one of overcoming development and implementation weaknesses identified in the new systems. (See "Information Technology Solutions.")

We have also eliminated the topic "Organization and Management Structure" from this submission for a number of reasons. The Agency appears to be making an effort to overcome the effects downsizing, streamlining and reform have had on the organizational and management structure of GSA. In the National Capital Region, PBS recently reorganized to establish Service Delivery Teams to serve specific customer agencies regardless of their location within the Region. The new organization appears to have the communication processes, financial information, and broad management controls to be successful. Management is aware of overlap and duplication of the services provided to its customers, but our recent audit work has not shown that this has a detrimental effect on the Agency's productivity. Additionally, if this is noted as a concern during a program/function review of the Agency, it is reported and dealt with during that review.

The topic "Data Security" is currently covered under the issue "Information Technology Solutions."

GSA Supply Depots are currently in a state of uncertainty, and we do not know whether or not they will be closing. For that reason, we have not included this topic as one of GSA's most significant challenges. The potential effect that reassigning a number of the approximately 2000 employees expected to be displaced by closure of the depots would have on the Agency is discussed under the topic "Personnel Infrastructure."

"Year 2000 Issues" is discussed under "Information Technology Issues," since it is one of several information technology areas we are addressing in that category.

MANAGEMENT CONTROLS

ISSUE: Multiple management controls have been replaced by fewer broader controls through reinvention initiatives, making it essential that the remaining controls be emphasized and consistently followed.

GSA has been aggressive in empowering staff to look for ways, through reinvention initiatives, to reduce administrative barriers to promptly respond to customer needs. In simplifying existing rules, operating procedures, and guidelines, management eliminated many of the checks and balances previously part of the control system, and now relies on a few broad controls for documentation and review of actions taken. From recent audits performed, it appears that management is not adequately ensuring implementation of the controls that will help deter fraud, waste and abuse.

Procurement: Management has been emphasizing the use of credit cards as a means of streamlining the procurement process. Individuals can charge any amount up to their spending authority. A warranted contracting officer may have a single purchase transaction limit for the credit card corresponding to the level of that person's purchasing authority of up to $100,000. The majority of transactions are by non-warranted persons at the micro-purchase level of $2,500 or less. The Agency encouragement to use credit cards whenever possible significantly heightens the importance of adequate controls for credit card transactions.

The Agency has been empowering staff to reduce administrative barriers to promptly respond to customer needs. Concerns encompass whether speedy procurement is being attained at the expense of appropriate regulatory requirements and good internal controls and whether GSA is getting the best price. These concerns take on more significance when considering that GSA has a direct impact on over $52 billion of direct Federal purchases annually.

Data Integrity: When passing the Government Performance and Results Act of 1993, Congress emphasized that the usefulness of agencies' performance data depends, to a large degree, on the reliability and validity of those data. Past audit work has shown that data integrity has been problematic within GSA's financial and operational data systems.

OIG Work Done

Property Management Center Management Controls, IMPAC Credit Card, report dated January 23, 1998, showed that controls do not provide reasonable assurance that purchases are for valid program needs, are reasonably priced, and are made following prescribed procurement regulations.

Open Recommendations

- Identify/develop clearly defined minimal controls;
- Develop an independent review of the IMPAC card usage program to assure compliance with and effectiveness of controls developed; and

- Provide training to all cardholders, Approving Officials, and supervisors.

Guidance and policy are to be finalized and distributed by November 15, 1999; a final training plan is to be developed by December 15, 1999.

Our review of **PBS Operations and Maintenance Contracts**, dated September 7, 1999, showed that controls are not adequate to assure that the services GSA pays for are received and are needed. This is a nationwide problem, based on our review of four regions.

Open Recommendations

- Institute a national quality assurance program that establishes a consistent approach for monitoring contractor performance, with a focal point for guidance and direction regarding interpretation and application of O&M contract terms and conditions.

Management's Action Plan for implementing the above recommendations was due November 7, 1999.

Our March 24, 1999 report, **PBS's Initiatives to Improve Space Alterations**, pointed out that the shift to a more customer-oriented approach to space alteration services improved customer satisfaction with respect to delivery and timeliness, but left PBS with several control issues. These included the inability of PBS to accurately measure its performance because anticipated support systems had not yet evolved, and because core data requirements were not yet defined or standardized. Also, PBS could not always provide customers with timely and accurate billings and ensure timely recovery of funds owed GSA.

Open Recommendations

- Reevaluate the program performance measures and correct design deficiencies for those measures to be retained, or develop alternative performance measures;
- Define and standardize the core data requirements for effective program management and oversight; and
- Provide customers with timely billings and ensure timely recovery of funds owed PBS.

All actions are to be completed by June 15, 2000.

Management Action

PBS is reevaluating the current performance measures, making necessary changes to enhance its management information systems for tracking space alteration projects, and creating project closeout procedures.

On September 28, 1999, we issued **Management Controls for Non-Recurring Reimbursable Work Authorizations.** This was a follow-on audit to the space

alterations review mentioned above and identified specific reasons for untimely and inaccurate customer billings, and GSA's inability to recover some of its costs. We found that regional management in PBS had not consistently recorded or reconciled transactional data, and was not consistently reviewing available performance data that identified red flags.

<u>Open Recommendations</u>

- Review and correct RWA financial data before or as it shifts from NEAR to PEGASYS; and
- Strengthen the RWA management control system by:
  - Adjusting the RWA controls to meet the changed RWA process and the new GSA financial system;
  - Updating and documenting policies on accountability and responsibility for the financial management of RWAs; and
  - Providing initial and continuing training to its personnel on the use of the new financial process and the implementation of management controls.

Management's Action Plan for implementation of the above recommendations is due November 28, 1999.

Our review of **<u>Courthouse Construction and Contracting Policies</u>** was reported on September 19, 1999 as a follow-up to an audit of bidding and contracting practices of GSA's major construction projects that our office conducted in FY 1995. While GSA is effectively controlling costs for upgrades, it needs to employ a nationwide system to collect and recover contractor past performance evaluation information when making source selection procurement decisions. Current efforts to compile such data are meeting with little success. There are potential conflicts of interest during construction when GSA relies on the "Construction Manager as Constructor" to inspect the work of its own subcontractors, and to evaluate change order pricing.

<u>Open Recommendations</u>

- Ensure that a nationwide contractor past performance evaluation data collection and retrieval system is applied throughout PBS and used by its contracting officials in making source selection procurement decisions; and
- Strengthen the procurement process by requiring the independent monitoring of the construction contractor's work on PBS's major construction program.

Management's Action Plan for implementation of the above recommendations is due November 19, 1999.

<u>Management Action</u>

The Commissioner agreed with the recommendations, but added that a cost/benefit analysis should be used for each construction project to determine the amount of oversight needed when the "Construction Manager as Constructor" procurement process is used.

OIG Work In Process

Our on-going review of **Federal Supply Service Payments** has revealed that both the purchase card and the fleet credit card are typically used without pre-authorization of purchases. Additionally, controls to reconcile credit card purchases to payments are not adequate. However, a big part of this should be corrected with the implementation of the new accounting system, PEGASYS.

OIG Work Planned

Our FY 2000 Audit Plan includes a review of the **Reimbursable Work Authorization Program.** This review was requested by regional management because of concerns that "Thrilling the Customer" has not been evaluated as to the associated costs of doing so and may not be effective and efficient.

During FY 2000, we plan to review the **Controls Over Central Office Workplace Acquisitions** at the request of management. Procurements just to support Central Office organizations are estimated at $100 million per year and there is concern, on the part of management, that procurements are being made without following existing requirements.

Management Actions on Closed Audit

Our report on the **Direct Billing Program**, February 17, 1998, was included in our February 1999 submission of GSA's most serious management challenges. In that report, we stated that the costs for this program with participating hotels and car rental companies exceeded its benefits. As a result of our review, direct billing was discontinued by GSA for hotels and rental cars, effective September 30, 1999.

INFORMATION TECHNOLOGY SOLUTIONS

ISSUE: As the application of information technology (IT) becomes increasingly prevalent within the Government and impacts all aspects of business operations, GSA's challenges in this area have increased exponentially. GSA relies on its automated information systems to perform its mission and manage its operations. Many of these systems store sensitive information such as personal employee data and contractors' proprietary information.

Year 2000 Issues: The Year 2000 is only a short time away and we have identified the risks facing GSA. We are currently directing our attention to the Agency's activities to establish Business Continuity and Contingency Plans for effectively dealing with potential Y2K problems.

Clinger/Cohen Act: The Information Technology Reform Act of 1996 (Clinger/Cohen) changed the way information systems are managed and developed within the Federal Government. Agencies are now required to link all information technology investments to their mission through the Capital Planning Process. The Act also requires Federal agencies to appoint a Chief Information Officer (CIO) responsible for developing, maintaining, and implementing an information technology architecture. An information technology architecture acts to ensure that the requirements for an agency's information systems support the agency's overall mission and goals; provide adequate interoperability, redundancy and security; and are consistent with standards by which the agency evaluates and acquires new systems.

In implementing Clinger/Cohen, the CIO faces challenges in coordinating with individual Services to: (1) develop a GSA-wide information technology architecture; (2) ensure that adequate cost-benefit and business case analysis supports new systems development; (3) monitor each Service's compliance with the GSA-wide information technology architecture; and (4) carry out Clinger/Cohen requirements in performing central management of GSA's information systems.

Systems Development: GSA is in the process of replacing a number of its old systems, in keeping with technological advances. The National Electronic Accounting and Reporting (NEAR) system, which records, classifies and summarizes financial information and produces reports on annual, multiple-year and no-year appropriations and revolving funds, is being replaced with PEGASYS. The Public Buildings Service is in the process of consolidating a number of systems to improve their functionality under a new client-server based system called the System for Tracking and Administering Real Property (STAR).

Many of the IT projects are designed to go beyond automating current business functions and create real change in the way that GSA does business. However, GSA has experienced recurring difficulty in deploying and maintaining structured system development practices that ensure the proper development of requirements as well as implementation of prescribed system processes through approved systems development life cycles. As a result, GSA systems development projects commonly experience schedule delays and cost overruns,

need frequent redesign, have difficulty sharing usable data between systems, and spend a prolonged period of time in development. In conjunction with the Agency's FY 1999 financial statement audit performed by an independent public accounting firm (IPA), three recently implemented applications, ITOMS, STAR, and FEDPAY version 3 were reviewed. Development and implementation weaknesses associated with each of these applications was identified. These will be cited as a reportable condition in the IPA's FY 1999 Management Letter.

Data Security: System security plans and features are needed to protect Government IT resources against unauthorized access, restrict access by users and systems personnel, and guard against accidental modification or deletion of data applications. Good IT security practices are increasingly more important in today's technological environment as GSA interconnects its systems with networks such as the INTERNET and INTRANET, which significantly increase security risks.

GSA's independent public accounting firm did penetration testing during FY 1998 and FY 1999 and found control weaknesses over both the physical and logical access to GSA's financial systems. These weaknesses constituted a reportable condition in the FY 1998 Management Letter and will again in the FY 1999 Management Letter.

Contractor Performance: With decreasing staff levels and increased specialization within the field of IT, GSA increasingly relies on contractors to perform the entire range of its IT tasks, including development, testing, maintenance and administration. Adherence to sound project management practices is essential to: (1) ensure that contractor performed IT efforts fully support GSA's vision of an Integrated Information Architecture and meet mission critical information system needs; and (2) assess vendor completion of tasks. Control mechanisms are essential to ensure that contractor developed solutions function properly before and after deployment.

OIG Work Done

Progress Made in Converting GSA's Office of the Chief Financial Officer Computer Systems to Operate in the Year 2000, dated December 16, 1998, focused on the National Electronic Accounting and Reporting System, which performs vital functions for the Agency such as controlling, recording, classifying, and summarizing financial transactions to meet Federal accounting requirements. This evaluation showed that the Office's computer conversion progress was difficult to quantify, delays had occurred, test documentation had not been maintained, and much work remained.

<center>Open Recommendatons</center>

- Utilize an Independent Validation and Verification (IV&V) organization to provide an independent assessment of Year 2000 conversion and testing efforts.

IV&V testing is currently underway and is to be completed by November 15, 1999.

On June 8, 1999, we reported in **Progress Made in Converting GSA's Federal Supply Service Computer Systems to Operate in the Year 2000** that it was difficult to assess the adequacy of FSS's conversion of its mission-critical systems because it has not fully documented the changes made or completed all necessary testing phases.

<div align="center">Open Recommendations</div>

- Develop detailed contingency plans that ensure acceptable levels of output and services; establish business resumption teams; identify roles and responsibilities; fully test the plans; and revise as needed.

Management is revising the GSA Business Continuity and Contingency Plan as necessary. This action is to be completed by November 15, 1999.

Our report on **Progress Made in Converting GSA's Public Buildings Service Computer Systems to Operate in the Year 2000,** dated July 9, 1999, noted that risks exist within all PBS mission-critical systems because PBS's conversion efforts have focused on the analysis and testing of the application software only and have not adequately considered all system components.

<div align="center">Open Recommendations</div>

- Ensure that all system components of each mission-critical system have been analyzed for potential Year 2000 problems, all potential problems corrected, and each system fully tested, as recommended by GAO;
- Repair and test the Tables system, as necessary, to ensure it will operate correctly in the Year 2000, unless an alternative Year 2000 operable system is available for providing the Tables function;
- Complete work to ensure all data exchanges will operate correctly in the Year 2000 and that formats for data exchanges are agreed upon, documented, and tested; and
- Complete development of a comprehensive business continuity and contingency plan, consistent with GAO guidelines, and conduct full testing of the plan.

All actions are to be completed by January 15, 2000.

<div align="center">Management Action</div>

As the result of the three immediately preceding audits, GSA has made great strides in ensuring that its mission-critical systems are compliant. The Agency has done at least the basic testing and believes its major systems to be compliant. However, we consistently recommended additional testing to provide a higher level of assurance. The intent of our recommendations to develop Business Continuity and Contingency Plans has been met and we are currently reviewing the Agency's Plan.

Our September 25, 1998 report, **GSA's Information Systems Security Has Not Kept Pace With Increasing Internet and Intranet Risks,** disclosed that security resources are dispersed and controls are lacking. Additionally, risk assessments are needed to ensure controls applied are adequate, and GSA is lacking policies and procedures on

information technology security to adequately manage the development of Internet and Intranet capabilities.

<p style="text-align:center">Open Recommendations</p>

- Establish an IT security program with the resources and Agency-wide authority necessary to meet security requirements established by OMB-Circular A-130;
- Specify roles and responsibilities for Internet and Intranet security including management responsibilities for gateways, web sites, and applications, to ensure that security is addressed and adequate security measures are in place for the Wide Area Backbone Network and for Service and Staff Office applications; and
- Ensure that IT security decisions are based on risk assessments for individual systems.

All actions are to be completed by February 15, 2000.

Our report of September 30, 1999, **Audit of GSA's Security Controls Over Local Area Networks,** cited weaknesses in access controls and configuration management.

<p style="text-align:center">Open Recommendations</p>

- Ensure that Services, Staff Offices, and Regional Offices develop adequate LAN security plans including physical and environmental security controls, and appropriate security provisions for LAN operations and support contracts;
- Establish agency-wide processes for managing GSA's LAN user accounts, configuration management, and contingency planning;
- Identify necessary security controls for remote access to GSA's LANs, including adequate monitoring requirements for remote access activities and management of remote user accounts, and include these requirements in the CIO's policy guidance on the appropriate use of Remote Access Servers; and
- Establish policies and procedures to ensure that mandatory security awareness training is provided for all LAN users and Administrators.

Management's Action Plan for implementing the recommendations is due November 29, 1999.

OIG Work In Process

In our audit of **PBS's System for Tracking and Administering Real Property (STAR**), we are finding such problems as: (1) components of the system were deployed before all necessary development was completed; (2) insufficient independent testing was performed; (3) project management weaknesses exist; and (4) IT security needs were not adequately analyzed.

OIG Work Planned

A review of **IT Security for Electronic Commerce** is planned for FY 2000 to determine if GSA has adequate policies/procedures in place to ensure that security risks with electronic commerce systems are being managed.

During FY 2000, we will also conduct an audit of **GSA's Implementation of the Clinger-Cohen Act of 1996** to determine if the CIO is monitoring the performance of Agency information technology programs, evaluating the performance on the basis of applicable performance measures, and advising the Administrator regarding whether to continue, modify, or terminate a program or projects.

A review of the **CFO's Development of the PEGASYS System** is in our FY 2000 Annual Plan. PEGASYS is the system being developed to replace the Agency's current accounting system, NEAR.

MULTIPLE AWARD SCHEDULE PROGRAM

ISSUE: GSA's Multiple Award Schedule (MAS) Program was modified in August 1997, in part to implement the Federal Acquisition Streamlining Act (FASA) and the Clinger/Cohen Act. These changes eliminated both vendor certifications of pricing information submitted for negotiation purposes and the contractual right to audit such pricing information on a postaward basis. Prior OIG MAS contract audits reflected systemic problems with MAS contractors' submissions of reliable pricing information for purposes of negotiating MAS contract prices. These findings were made during periods when safeguards, including audits and certifications, were still in place. Elimination of these safeguards will likely lead to similar, if not more serious, findings.

GSA's Federal Supply Service (FSS) made additional changes to the MAS Program that now permit contracting officers to extend existing 5-year MAS contracts for an additional 5-year period when vendors provide assurances of price reasonableness and assurances that their pricing practices have not changed since contract negotiation. FSS has been making 5-year extensions routinely without seeking preaward audits, although significant MAS contract modifications, such as extending the contract term or adding substantial new products to a contract should be the subject of on audit, in accordance with FSS's own Procurement Information Bulletins.

Furthermore, the industrial funding mechanism used to support the MAS Program may have an adverse impact on the prices negotiated. FSS charges MAS contractors a one-percent (1%) fee on all sales made under the contracts. This mechanism constitutes a structural disincentive for contracting personnel to negotiate lower prices, or not to award a contract, since doing so would reduce FSS's revenues.

Increasingly, the MAS Program is including schedules for services considered to be commercial items. GSA contracting officers negotiate an hourly that is represented to be a fair and reasonable price rate for such services. There is some concern that such negotiations do not achieve fair and reasonable prices for the ultimate task provided to user agencies.

Finally, the National Defense Authorization Act for FY 2000 requires that the Office of Federal Procurement Policy and GSA conduct a study of, among other things, ordering practices under MAS contracts. The concern underlying the provision's mandate appears to be whether ordering agencies, including especially those placing larger orders, compete orders sufficiently.

OIG Work Done

Our audit of **Federal Supply Service's Industrial Funding Fee for the Schedules Program,** May 28, 1999, showed that the current fee no longer approximates a break-even position, generating nearly twice the revenue needed to cover program costs in the past two fiscal years. The excess revenue is significant, approximately $30 million each fiscal year, and is expected to continue. We also noted that the controls over fee collection, including the verification of contractor sales reports and management reports, need to be improved.

- Adjust the fee to bring revenue in line with costs;
- Establish criteria for determining when future adjustments in the fee are needed;
- Revise controls to include a risk based approach to verifying contractor reported sales data;
- Strengthen controls over the fee collection process; and
- Improve oversight of the process by developing management reports to improve collection effort, prioritize work, and critically assess the costs for administering the fee.

The Commissioner concurred with the intent of the recommendations, but declined to adjust the current fee structure. Through training and vendor reviews, management will produce profiles of "high-risk" vendors and prioritize vendor visits taking the profile into consideration. Additionally, management will issue Contract Management Letter 99-14 outlining expedited claim procedures and establish Central Office oversight to ensure claims are issued for IFF deficiencies. Reconciliations of data in FSS's database will be made to GSA's Office of Finance data and all MAS vendors will be provided explicit instructions for closeout reporting. Finally, various management reports will be developed to demonstrate IFF variances, overdue remittances and chronically deficient vendors. All actions are to be completed by June 15, 2000.

During our review of **FSS's MAS for Next-Day Desktop Delivery of Office Products,** report dated August 23, 1999, we found that many agencies are awarding their own contracts. Because Multiple Award Schedules are no longer mandatory for use by all Federal agencies and FSS is dependent on the Industrial Funding Fee generated by the Schedules, FSS's ability and incentive to obtain optimum prices and services have been diminished.

<div align="center">Open Recommendations</div>

Reassess the desktop Multiple Award Schedule Program, addressing the issues and possible solutions discussed in the report.

Management's Action Plan for implementation of this recommendation was due October 22, 1999.

A review of the Hardware and Appliance Center, August 26, 1999, identified significant risk in the MAS area because many acquisition personnel were inexperienced and lacked training and expertise in MAS contracting. GSA's Office of Acquisition Policy also identified this problem in its July 1999 review of a sample of procurements in the Heartland Region.

<div align="center">Management Action</div>

Regional management has acknowledged the factors that we identified in our review as contributing to the risk and has taken steps for improvement, including asking our office

for continued input for training and assistance in specific contract issues. Therefore, no formal recommendations were made in our report.

OIG Work in Process

In **Pricing of Negotiated Procurements in FSS,** we are looking to see if FSS prices obtained under negotiated procurements are fair and reasonable. In particular, we are evaluating the results of negotiation on those contracts that were subjected to preaward audit. We also plan to provide information to management on MAS schedules that historically have been shown to be at risk and should be targeted for comprehensive preaward audits or postaward audit rights.

Preaward Reviews for MAS Contracts: GSA's Multiple Award Schedule Program provides Federal agencies with a simplified procurement process for the purchase of a diverse range of commercial supplies and services from multiple vendors. GSA administers over 100 schedules that produced sales in FY 1998 alone of $7.6 billion; and the volume is expected to continue to grow.

With recent changes in audit rights for postaward audits, the emphasis is being placed on preaward audits of MAS contract proposals to assist the Agency in getting fair and reasonable pricing for its contracts and to protect the Government's interests.

The Agency is not fulfilling the spirit of the General Services Acquisition Regulation (GSAR), which encourages the use of preaward audits. Internal review of negotiations continues to reflect little or no price analysis by contracting officials prior to contract extensions. Contract extensions have recently been used to continue schedule contracts rather than issue new solicitations.

OIG Work Planned

Our FY 2000 Audit Plan includes a review of **Contracting for Services Under MAS Contracts.** The focus of this review will be on whether service contracts belong under the FSS MAS Program and whether they are being awarded consistent with recent procurement reform legislation. Recent audits of services contract extensions have raised concern about the commerciality of the services offered. Also, the need for GSA to strengthen the requirements to ensure full opportunity to compete for these contracts has been highlighted in recent procurement publication articles.

PERSONNEL INFRASTRUCTURE

ISSUE: As a result of organizational downsizing and restructuring, major program streamlining, and personnel reductions through attrition and buyouts, much of GSA's corporate knowledge and expertise have been lost or displaced. Additionally, GSA is aggressively promoting speedier and less burdensome ways to purchase supplies and services, extending its initiative to be more responsive to its customers by empowering employees with greater responsibilities and authorities. Many employees have been transferred or promoted into procurement and contract management positions of responsibility without adequate training and/or experience, and have limited job knowledge.

The loss of institutional memory has fostered the notion of knowledge sharing. Federal spending for services related to the business management concept called "Knowledge Management" is expected to explode from $400 million per year to nearly $6.3 billion over the next 5 years. GSA has created a position, known as the Chief Knowledge Officer, to promote knowledge sharing and enhance GSA's workforce skills. Some of the expected initiatives will be in the form of changing promotion criteria, and funding bonuses based on cost savings attributable to knowledge sharing practices or programs.

GSA announced, in the summer of 1999, the phased closing of the Agency's distribution centers and forward supply points. This process was to begin in October 1999 and be completed within 18 months. This action would result in the displacement of approximately 2000 GSA employees nationwide. In October 1999, the Administrator announced that he was turning back the clock on that process and will treat all operations as going concerns just as they were in mid-May. However, no final decisions will be reached regarding the closures until this matter has been thoroughly discussed with the Labor Bargaining Unions and an agreement reached.

If the depot closing process is reinstituted, a number of the displaced employees will be placed in other positions within GSA. Our concern is that these individuals may not have any experience in the area in which they are placed and may not receive the proper training and guidance commensurate with the responsibilities.

OIG Work Done

Megacenter Program, Federal Protective Service, was reviewed and our report was issued on January 30, 1998. Because of personnel shortages and a lack of financial resources, the Agency was planning to consolidate regional security control centers into four megacenters. We concluded that the megacenters could be used effectively to perform the functions of several control centers, and to ensure that the concept is implemented as planned, offered some suggestions including: accessing criminal justice information systems in other states; developing contingency plans in case of a natural disaster; and ensuring technological upgrades and preventive maintenance of alarm systems.

- Develop alternative Criminal Justice Information System access procedures for states that will not allow access to their files from out-of-state locations should current efforts to resolve the access problem prove less than fully successful;
- Have regions develop contingency plans to continue dispatch function during natural disasters;
- Ensure technological upgrades to alarm systems required for megacenter compatibility are identified and accomplished as soon as possible; and
- Have each region implement a rigorous preventive alarm maintenance program to ensure that alarms are functioning.

Management's actions are being tracked by GSA's Office of the Controller, Office of Finance (BE), the Agency resolution tracking office. Management is required to submit progress updates to BE each 120 days, or until completed. The actual completion date is January 15, 2000.

Follow-up Review of Contract Workload Management. In our report of March 30, 1998, we concluded that the Agency still does not have a system to measure the Multiple Award Schedule contract workload to ensure that there is a fair balance of work among the contract officials. Some contracting officers were carrying a much larger share of the work than others were.

<div align="center">Open Recommendations</div>

- Ensure planned automation of preaward and contract modification processes contains sufficient data necessary to manage the contracting process; and
- Establish goals to assess acceptable levels of workload performance.

FSS ONLINE, a system that will monitor and track contract workload, is being developed and is to be implemented by August 15, 2000. Implementation evaluation is due December 15, 2000.

A recent review of the **Hardware and Appliances Center** disclosed that many of the Center's acquisition personnel were inexperienced, lacking training and expertise in Multiple Award Schedule contracting and expertise with commodities transferred from other acquisition centers. Our report of August 26, 1999 pointed out that these conditions can lead to purchases of inferior products, excessive prices, poor customer service, inadequate contract coverage, and operating inefficiencies, which can result in unhappy customers and reduce the Center's sales and profitability.

<div align="center">Management Action</div>

Regional management has acknowledged the factors that we identified in our review as contributing to the risk and has taken steps for improvement, including asking our office for continued input for training and assistance in specific contract issues. Therefore, no formal recommendations were made in our report.

OIG Work in Process

None in process.

OIG Work Planned

None in our FY 2000 Annual Audit Plan.

AGING FEDERAL BUILDINGS

ISSUE: GSA is being challenged to provide quality space to Federal agencies with an aging, deteriorating inventory of buildings and critical budgetary limitations in a competitive environment.

It is estimated that it would take several billion dollars to bring the building inventory up to standard. Since the Federal Building Fund only generates annual revenue between $4.5 and $5 billion, most of which is committed to leased space costs, operating expenditures, and construction of new courthouses, finding funds for needed repairs is a major problem.

GSA needs to determine which buildings represent the greatest risk from a safety and operational perspective, which buildings will yield the best return on investment, what the Government's future space requirements are, and how to fund the highest priority projects in a timely manner.

OIG Work in Process

The audit of **PBS's Environmental Management Program** is evaluating whether PBS's environmental program has the structure, responsibilities and processes in place to address environmental contaminates and hazardous materials in buildings and properties owned and leased by GSA. New financial reporting requirements are compelling GSA to report its liabilities for environmental hazards.

Our review of a **Property Management Center** in one region is demonstrating the challenge GSA is facing in providing quality space to Federal agencies with an aging, deteriorating inventory of buildings. We found several health and safety concerns that warranted immediate reporting to management and issued five alert reports to note hazardous conditions in five buildings. The reports discussed the presence of damaged asbestos insulation, elevator safety, and sewer and plumbing problems, often exacerbated by the age of the buildings.

Management Action

As a result of our Alert Reports, management has corrected, or is working to correct, the hazards identified in four of the five buildings.

OIG Work Planned

Our FY 2000 Audit Plan includes a review of **Construction Change Orders for Major Repair and Alterations Projects.** We plan to assess whether PBS is managing its change order process to minimize costs, potential claims, financial losses, and project delays.

PROTECTION OF FEDERAL FACILITIES AND PERSONNEL

ISSUE: GSA's Federal Protective Service (FPS) is responsible for developing and coordinating national practices to safeguard life and property in GSA controlled facilities. In light of concerns raised by violent terrorist acts, the Department of Justice (DOJ) assessed the vulnerability of Federal office buildings, and Congress appropriated funds for GSA to implement DOJ security enhancement recommendations. Such improvements included additional security personnel and the purchase, installation, and operation of new security detection devices.

GSA faced short time frames to rapidly expand FPS operations and improve security measures over Federal personnel and property. Recent OIG reviews identified deficiencies in security measure implementation and the reliability of the related management information tracking system. GSA is in the process of implementing recommendations designed to improve the security enhancement effort. Once federal facilities are brought up to minimum safety standards, FPS will need to ensure that adequate personnel are available to carry out its responsibilities. Also, GSA must establish an integrated security program that will gather intelligence, maintain technology, and keep a physical presence throughout the Federal and local law enforcement community.

OIG Work Done

We have devoted considerable resources to the enhancement of security countermeasures. We reported, on September 14, 1998, that our review of the **Federal Protective Service's Program for Upgrading Security at Federal Facilities** disclosed that the database used for reporting regional status of security enhancement countermeasures to Central Office was unreliable. During the course of that review, we issued two Alert Reports, dated February 11 and June 29, 1998, informing management of significant audit concerns that warranted immediate attention.

Open Recommendations

- Establish a perpetual inventory over x-ray units and other expensive portable equipment items; and
- Require FPS regional officers to track and report actual cost data for all future countermeasures.

The Building Security Committee System management information is to be enhanced with a data field to electronically track excess inventory, completion date January 15, 2000. The system is also being enhanced with a data field to record actual countermeasure cost. This action is being tracked by GSA's Office of the Controller, Office of Finance (BE), the Agency resolution tracking office. Management is required to submit progress updates to BE each 120 days, or until completed.

Management Action

FPS has developed a new security countermeasure tracking system, intended to capture critical information elements lacking from the original system, such as actual costs, excess inventory and enhanced editing capabilities.

On March 24, 1998, we reported to management that security enhancement funds were used for purposes other than intended. That report was titled **Audit of Countermeasure Funding in Region 1.**

<p align="center">Management Action</p>

Management actions to transfer back funds for security countermeasure use has been accomplished. Therefore, this audit has been reported closed as appropriate.

Subsequent to our initial review of security upgrades in September 1998, the Commissioner, Public Buildings Service, directed regional managers to review the current database on the inventory of security countermeasures and certify the accuracy of each item no later than October 1998. Agency management requested the OIG to conduct a follow-up review into this critical area of concern. We dedicated a significant amount of staff and travel resources to expedite the completion of this follow-up review, which we did on March 18, 1999.

Our **Follow-up Audit of the Federal Protective Service's Program for Upgrading Security at Federal Facilities** noted that improvements were still necessary concerning the physical installation of security equipment, as site inspections identified uninstalled or non-operational countermeasures that had been reported as completed. In addition, management information concerning the security upgrade program was still not completely reliable, despite ongoing corrective measures.

<p align="center">Management Action</p>

Because management was still in the process of implementing the action plan pertaining to recommendations contained in the program audit report of September 14, 1998, no formal recommendations were made.

FPS completed the required certification of the database accuracy in May 1999. Additionally, FPS has trained its Physical Security Specialists in a new security survey process, using a risk assessment methodology. The new process is scheduled for a full rollout to the regions by January 2000.

In our March 24, 1999 report, **Audit of Security Measures for New and Renovated Federal Facilities,** we concluded that GSA was applying the enhanced standards where possible; however, the standards were too new to have been applied to every phase of all current building projects. We did note that GSA had not used assessment standards when considering commercial properties for new leases of space. In addition, certain regional personnel were unclear regarding which PBS work units should have lead responsibility for ensuring that security considerations are factored into each phase of project development.

Open Recommendations

- Develop a policy that defines the roles and responsibilities of individuals involved in implementing the enhanced security standards for new construction and major renovation projects; and
- Create security standards for newly acquired leased space.

    Actions are to be completed by January 15, 2000.

Management Action

PBS has drafted an instructional letter that establishes the Agency's policy on the posting of sensitive, but unclassified, information on the Internet relating to the security of owned or leased Federal facilities.

The following reviews were not the result of DOJ's security enhancement recommendations, but directly affect the protection of Federal facilities and personnel.

Our report on **Criminal History Background Checks for Child Care Center Employees,** dated March 27, 1996, showed that many child care centers in GSA controlled space throughout the country, were operating in violation of Public Law 101-647, which was enacted to help protect children from employees with criminal backgrounds. Employees had not completed criminal history background checks.

Open Recommendations

- Establish a time standard for processing background checks.

Management Action

Management is developing a nationwide database to track and manage the child care employee clearance process. Management's actions are being tracked by GSA's Office of the Controller, Office of Finance (BE), the Agency resolution tracking office. Management is required to submit progress updates to BE each 120 days, or until completed. The actual completion date is December 15, 1999.

On August 27, 1996, we reported, in **Background Checks on Contractor Personnel**, that the background check program for service contractor employees is not managed effectively to ensure that the results are obtained timely and that all required checks are performed. Additionally, GSA policy did not require employees of small service contractors in Federal space to have background checks; and controls over delegated buildings were not sufficient to ensure that all required background checks were accomplished.

- Establish reasonable timeframes for each PBS activity involved to complete background checks and follow-up when goals are not met;
- Ensure that employees terminated before adjudication are marked as such, rather than recording unfavorable adjudication without cause; and
- Establish procedures and controls to ensure all required contractor employees obtain the necessary initial and renewal background checks.

Management Action

Management is updating the nationwide Contract Suitability Reporting System. Management's actions are being tracked by GSA's Office of the Controller, Office of Finance (BE), the Agency resolution tracking office. Management is required to submit progress updates to BE each 120 days, or until completed. The actual completion date is December 15, 1999.

On December 1, 1998, we reported on our **Audit of the Availability of Federal Building Design Plans.** We found that these design plans were, in many cases, available to the general public through several sources and were under consideration for inclusion on Internet web sites. We concluded that GSA needed to reevaluate current policy to determine when public access to plans represents a security threat, and decide if policy changes should be made, in light of the Agency's responsibility to safeguard property and lives.

Open Recommendations

- Share the results of our review with appropriate Assistant Commissioners and Regional program officials; and
- Assess and update existing policy for dissemination of Federal building design plans. Attempts should be made to determine if current policy causes an unnecessary and unreasonable threat to Federal building security.

    Action is to be completed by January 15, 2000.

Management Action

The PBS Commissioner has stated that he has requested that the Assistant Commissioner, Office of FPS, coordinate a task force in conjunction with the Acting Assistant Commissioner, Office of Business Performance, to examine issues described in the report and develop a prudent policy.

OIG Work in Process

We are currently performing a review of the Agency's **Contract Security Guard Program**. As a result of the Agency's implementation of the DOJ report recommendations, the number of security guards has doubled to an estimated 6,000 at an annual cost of approximately $120 million. We are focusing on GSA's overall

Program management and addressing specific areas such as background checks, firearm qualification, training, guard duties and supervision. Our initial work identified a significant number of instances where guard personnel were placed on active post duty without being subjected to criminal history background checks. We have also found guard personnel on post without proper training.

OIG Work Planned

Our FY 2000 Audit Plan includes a review of the Federal Protective Service's Intelligence Sharing Program and new composite Law Enforcement and Security Officer (LESO) position. The review will focus on whether FPS maintains a competent intelligence gathering/sharing system to address potential threats to Federal facilities. It will also address whether FPS is consistently implementing the new LESO position and meeting its goal of providing enhanced security and law enforcement coverage in more buildings and cities.

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Programs Not Achieving Intended Results

We have no further information about GSA programs, in addition to those included in the six major challenges already discussed, that leads us to question the extent of program success achieved.